GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:485
ANSWERED ON:18.11.2016
Finance Commission
Patle Smt. Kamla Devi;Udhayakumar Shri M.

Will the Minister of FINANCE be pleased to state:

(a) the guidelines/criteria adopted by the Central Government and State Government for allocation of different funds/grants under various heads;
(b) the details of funds allocated to State Governments/UTs on the recommendations of twelfth, thirteenth and fourteenth finance commissions head-wise, State/UT-wise;
(c) whether some State/UTs including Chhattisgarh have requested/proposed to relax the limit of credit taken by State under Fiscal Responsibility and Budget Management (FRBM) Act;
(d) if so, the details thereof and the action taken thereon; and
(e) whether the Government is aware of non-release of grant of Rs. 11,366.90 to Tamil Nadu as recommended by 13th Finance Commission despite submission of utilisation certificate for the expenditure incurred, if so, the details thereof and the steps taken in this regard?

Answer

(a)&(b): Finance Commission makes recommendations for horizontal and vertical distribution of States' Share of Central Taxes & Duties, various grants-in-aid i.e. local bodies grants, disaster relief grants, etc. to be provided to States during its award period. Transfer of central assistance to the State Governments are also done through Centrally Sponsored Schemes (CSS) and Central Sector Schemes (CS), annually determined as per the guidelines of the respective Scheme/ Programme within the availability of Gross Budgetary Support. The Government allocates the funds as per the accepted recommendations of the Finance Commission and provides the same to the States under the currency of the award period of the Commission. The statements indicating State-wise and sector-wise allocations of Non Plan grants-in-aid recommended by the Twelfth Finance Commission, the Thirteenth Finance Commission and the Fourteenth Finance Commission are given at Annexure-I , II and III respectively. These Finance Commissions have not recommended grants-in-aid for Union Territories.
(c)&(d): The States of Goa, Kerala, Punjab and Rajasthan have requested for additional borrowings by relaxing the limit of credit taken by State under Fiscal Responsibility and Budget Management (FRBM) Act in the award period of 14th Finance Commission (FFC). No such request has been received from State Govt. of Chhattisgarh. The Central Government determines and regulates the Annual Net Borrowing Ceiling for each State within their respective Fiscal Deficit targets as per formula prescribed by the Finance Commissions. As such requests received from States for increase in borrowing limits are considered within the ambit of recommendations of Finance Commissions. The 14th Finance Commission (FFC) has prescribed the Fiscal Roadmap for each State for its award period 2015-20 and anchored Fiscal Deficit target of all States to an annual limit of 3% of GSDP. FFC has also recommended the additional borrowings space of 0.5% over and above the FD/GSDP limit of 3% subject to fulfilment of prescribed fiscal targets, which have been allowed to the eligible States in 2016-17. Besides, the Central Government has approved relaxation of Fiscal Deficit Limit under States' Fiscal Responsibility and Budget Management Acts (FRMBA) for borrowings under Ujwal DISCOM Assurance Yojna (UDAY) during 2015-16 and 2016-17.
(e): The Thirteenth Finance Commission (FC-XIII) had recommended a non-plan grant of Rs.11,366.90 crore to Tamil Nadu for its award period i.e. 2010-11 to 2014-15. Against the total allocation of Rs. 11,366.90 crore, Grants-in aid of Rs. 8613.45 crore was released by Central Government to Tamil Nadu as per recommendations of the FC-XIII. Besides, an amount of Rs. 1504.54 crore was also released to Tamil Nadu for reduction in Infant Mortality Rate (IMR) and incentive for Renewable Energy components as per recommendation of FC-XIII. Thus, a total grant of Rs. 10,117.99 crore was released to Tamil Nadu by the end of FC-XIII award period. Reasons for short releases are non-fulfilment of requirements such as non-receipt of State High Level Committee approved action plans, non-receipt of utilization / completion certificates, and non-payment of interest by the States to Local Bodies at Bank rate for delayed transfer of grants beyond stipulated period. The grants-in-aid released by the Central Government as per recommendation of FC-XIII is based on the utilization certificate furnished and associated conditionalities fulfilled by the state government before the expiry of the FC-XIII award period on 31.03.2015. Since the period of implementation of recommendations of the Thirteenth Finance Commission (FC-XIII) was over on 31st March, 2015, no balance grant, if any, is payable to Tamil Nadu. The requests for release of balance grant of FC-XIII received from time to time from the State Government of Tamil Nadu were processed within the ambit of recommendations of FC-XIII and the State Government was suitably informed.